

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 PM-05 NSC-05 SP-02 SS-15 CIAE-00
DODE-00 INR-10 NSAE-00 PA-02 USIA-15 AID-05 EB-08
COME-00 TRSE-00 OMB-01 DOE-15 SOE-02 L-03 /103 W
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R 172142Z MAR 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 1625
INFO AMEMBASSY BOGOTA
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY QUITO
AMEMBASSY SANTIAGO

UNCLAS CARACAS 2636

E.O. 11652: N/A
TAGS: ECIN VE
SUBJ: CAF MINISTERIAL MEETING IN CARACAS WEEK OF MARCH 17

1. THE CORPORACION ANDINO DE FOMENTO (CAF) HELD ITS ANNUAL MINISTERIAL MEETING IN CARACAS THE WEEK OF MARCH 17. PROCEEDINGS HAVE BEEN CLOSELY FOLLOWED IN PRESS. HIGHLIGHT OF SESSIONS WAS FORMAL SIGNING OF AN AGREEMENT WITH THE GOVERNMENT OF VENEZUELA MARCH 14 ESTABLISHING CARACAS AS HEADQUARTERS AND GRANTING DIPLOMATIC STATUS TO OFFICES AND PERSONNEL OF CAF. WHILE CAF HAS BEEN OPERATING IN CARACAS SINCE 1970, SITUATION HERE HAS NEVER BEEN FORMALIZED THROUGH AGREEMENT. DURING SIGNING CEREMONY, FOREIGN MINISTER CONSALVI STRESSED THE IMPORTANCE OF CAF TO THE ANDEAN INTEGRATION MOVEMENT. HE DESCRIBED LATIN AMERICAN INTEGRATION AS ESSENTIAL IF THE REGION WANTED A BALANCED AND JUST ECONOMIC DEVELOPMENT INDEPENDENT OF THE POWERFUL TRANSNATIONAL INTERESTS WHICH HAVE BEEN CONSTRAINING SUCH DEVELOPMENT.

2. THE COUNCIL ALSO APPROVED A RESOLUTION TO AUTHORIZE CAF EXECUTIVE PRESIDENT JULIO SANJINES TO PURSUE DISCUSSIONS WITH THE VENE-

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ZUELAN INVESTMENT FUND (FIV) ON THE SUBJECT OF COOPERATION BETWEEN THE TWO ORAGNIZATIONS. CAF IS REPORTEDLY INTERESTED IN NEGOTIATING THE SALE OF UP TO \$60MILLION IN LONG TERM BONDS TO THE FIV. ADDITIONALLY, THE COUNCIL APPROVED THE SALE OF BS50 MILLION IN LONG TERM BONDS IN NATIONAL MONEY MARKETS OF MEMBER COUNTRIES. BONDS REPORDETLY WILL PAY INTEREST RATE OF 8 AND ONE-HALF PER CENT.

3. ALSO APPROVED WERE MORE THAN \$71 MILLION IN LOANS DURING THE CURRENT YEAR FOR DEVELOPMENT PROJECTS IN BOLIVIA, COLOMBIA, ECUADOR, PERU AND VENEZUELA. THESE FUNDS INCLUDED TWO MAJOR LINES OF CREDIT TO PERU, ONE FOR \$13MILLION TO THE BANCO INDUSTRIAL DEL PERU AND THE SECOND FOR \$10MILLION TOT EH CORPORACION FINANCIERA DE DESARROLLO DEL PERU.

4. OTHER ACCOMPLISHMENTS INCLUDED APPROVAL OF THE CAF OPERATING BUDGET (APPROXIMATELY \$4.1 MILLION) AND AUTHORIZATION FOR SANJINES TO NEGOTIATE THE PURCHASE OF A BUILDING IN CARACAS AS A PERMANENT HEADQUARTER SITE. EMBASSY WILL OBTAIN AND FORWARD CONFERENCE DOCUMENTS WHEN AVAILABLE.

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